

United States Senate

WASHINGTON, DC 20510

May 18, 2023

Kevin Derrivan
Interim President
31 St. James Avenue
Boston, MA 02116

Dr. Jin Huang
President and Chief Executive Officer
12th Floor, NO. 1 Financial Street
Chang An Center, Shijinhshan District
Beijing F4 100043

Dear Interim President Derrivan and President Huang,

We are writing regarding our concern over the imminent closure of Bay State College as a result of revoked accreditation, and – as the institution nears its last Graduation Day - ensure that you take immediate action to meet its financial and academic obligations to current and former students.

On January 16, 2023, the New England Commission of Higher Education (NECHE) announced that it will withdraw Bay State College’s accreditation on August 31, 2023 amid allegations of fraud and clear evidence that the college could not continue operating because of its significant financial losses and severely reduced enrollment.¹ We support this action, which will protect future students in Massachusetts and other states from what appears to be an unscrupulous and failing for-profit college. However, as the last cohort of students are set to graduate from Bay State tomorrow,² it is imperative that the institution and its owners provide students with timely and comprehensive resources regarding their post-closure options whether it be transferring to another institution or cancelling their student loan debt.

Bay State has a troubling history of noncompliance with state and federal laws that led to investigations in 2016 and 2017 by the Massachusetts Attorney General’s Office following allegations that the college failed to comply with for-profit school regulations.³ This

¹ New England Commission of Higher Education, “NECHE Statement Bay State College,” January 16, 2023, <https://www.neche.org/wp-content/uploads/2023/01/NECHE-Statement-Bay-State-College-1-16-2023.pdf>; Boston Business Journal, “Financially troubled Bay State College to lose accreditation this summer; ‘heartbroken’ officials plan to appeal,” Benjamin Kail, January 16, 2023, <https://www.bizjournals.com/boston/news/2023/01/16/bay-statecollege-accreditation-lost.html>.

² Bay State College, “Commencement”, <https://www.baystate.edu/about-baystate/campus-life/commencement/#:~:text=The%202077th%20Commencement%20Ceremony%20honoring,ceremony%20will%20be%20livestreamed%20here>.

³ Office of Attorney General Maura Healey, “Bay State College to Pay \$1.1 Million in Relief for Misleading Hundreds of Former Students,” press release, January 2, 2020, <https://www.mass.gov/news/bay-state-college-topay-11-million-in-relief-for-misleading-hundreds-of-former-students>.

investigation found Bay State engaged in illegal telemarketing practices, provided prospective students with inaccurate job placement figures, and failed to provide students disclosures as required by state regulations, which resulted in the institution being ordered to pay \$1.1 million in relief to hundreds of students to resolve these allegations.⁴ More recent allegations suggest that Bay State may have continued to defraud students by overcharging them thousands of dollars for classes and misleading them about the transferability of classes.⁵ Further, Bay State College's financial problems and lack of leadership may have affected the quality of the education the college provided to its students.

In April 2022, NECHE voted to place Bay State College on probation because it found that the institution “did not demonstrate that its resources are sufficient to sustain the quality of its educational programs and to support institutional improvement now and in the foreseeable future and that it has an effective system of governance and sufficient administrative capacity.”⁶ After being placed on probationary status, Bay State College faced a string of layoffs and resignations of key staffers that placed an even greater strain on Bay State's administrative capacity, and highlights a concern expressed by NECHE in June 2022 that the institution may not have the “ability to meet its enrollment goals and to ensure it has sufficient faculty and staff to support its educational programs.”⁷ Consequently, Bay State College appeared before NECHE in a special meeting in January 2023 that ultimately resulted in the withdrawal of Bay State College's accreditation effective August 31, 2023.⁸ As a result of losing accreditation, students of Bay State College will not be able to access federal financial aid funding to attend the college, and the college itself announced that it **“will cease to operate as a degree-granting institution by August 31, 2023.”**⁹

Students of Bay State College were reportedly “stunned” by the college's recent downfall, leading to justified fear over the merit of their degrees and the ability to continue their education elsewhere.¹⁰ In the wake of accreditation loss, one student reported feeling like “everything was ripped out from underneath us.”¹¹ Bay State must support current and former students through

⁴ *Id.*

⁵ GBH News, “Following claims of fraud, Mass. attorney general gathers information about Bay State College,” Kirk Carapezza, October 26, 2022, <https://www.wgbh.org/news/education/2022/10/26/following-claims-of-fraudmass-attorney-general-gathers-information-about-bay-state-college>.

⁶ Bay State College, “AMBOW BSC INC. AND SUBSIDIARY AUDITED CONSOLIDATED FINANCIAL STATEMENTS,” June 30, 2022, <https://www.baystate.edu/files/resources/ambow-bsc-inc-and-subsiary-financialstatement-r-2.pdf>.

⁷ Boston Business Journal, “Bay State College parent's CFO resigns amid financial struggles,” Benjamin Kail, September 20, 2022, <https://www.bizjournals.com/boston/news/2022/09/20/bay-state-college-parents-cfo-resignsamid-financ.html>

⁸ New England Commission of Higher Education, “NECHE Statement Bay State College,” January 16, 2023, <https://www.neche.org/wp-content/uploads/2023/01/NECHE-Statement-Bay-State-College-1-16-2023.pdf>.

⁹ Massachusetts Department of Higher Education, “Bay State College Closure,” April 20, 2023, <https://www.mass.edu/baystate/#:~:text=As%20of%20April%2020%2C%202023,institution%20by%20August%2031%2C%202023.>

¹⁰ WGBH, “Bay State students stunned by college's demise,” Kirk Carapezza, January 20, 2023, <https://www.wgbh.org/news/education/2023/01/20/bay-state-students-stunned-by-colleges-demise>.

¹¹ WBUR, “As Bay State College Collapses, Students Feel Abandoned,” Max Larkin, April 19, 2023, <https://www.wbur.org/news/2023/04/19/bay-state-college-nursing-closing>.

the closure, and we demand that Bay State take the following actions to mitigate the impact on students:

1. Identify Programs in Place to Protect Borrowers such as Borrower Defense

The Department of Education's (the Department) Borrower Defense program protects students that have been defrauded or misled by their college and allows them receive a discharge of their federal student loans.¹² Bay State's history of noncompliance with state and federal laws coupled with ongoing reports of fraud and financial mismanagement indicates that students may be eligible to have their federal loans discharged. But as of May 2, 2023, only 44 student loan borrowers applied for Borrower Defense discharges of loans they received to attend Bay State despite over 1,300 students potentially being eligible over the past eight years.¹³ Borrower Defense is an essential component of consumer protection in higher education and serves as a safeguard to protect students ripped off by predatory colleges' misconduct. Bay State must notify its current and former students about borrower defense and any other loan relief programs they may qualify for and provide comprehensive guidance and the necessary information, forms, and resources to understand their rights and options for potential loan forgiveness.

2. Ensure Smooth Transfer of Academic Credits

Many students will want to continue with their education despite Bay State College losing accreditation, and Bay State must work with NECHE and the Department to develop a fair and equitable Teach-Out Agreement.¹⁴ This agreement provides students with the opportunity to transfer to another college or university to complete their program or degree. We have been informed that the Department requested copies of any teach-out agreements that Bay State implemented as mandated by its accreditor,¹⁵ and we request that Bay State comply with NECHE's policy on Teach-Out Plans and Teach-Out Agreements.¹⁶ Bay State officials must develop an agreement or quickly modify existing agreements with sensitivity to the academic-year calendar to offer students the best opportunity to complete their credentials without disruption. Additionally, Bay State must update its website with accurate student resources regarding the transferability of their academic credits, information on how to retrieve official transcripts, and access to comprehensive academic counseling as necessary.

3. Assume Personal Liability

¹² Federal Student Aid, "Borrower Defense Loan Discharge," <https://studentaid.gov/manage-loans/forgiveness-cancellation/borrower-defense>.

¹³ Letter from the Department of Education to U.S. Senator Elizabeth Warren, May 10, 2023, [On File with the Office of Senator Elizabeth Warren]; College Scorecard, "Bay State College," https://collegescorecard.ed.gov/school/?164641-Bay_State_College.

¹⁴ Federal Student Aid, "Teach-Out Process", <https://studentaid.gov/help-center/answers/article/teach-out-plan>.

¹⁵ Letter from the Department of Education to U.S. Senator Elizabeth Warren, May 10, 2023, [On File with the Office of Senator Elizabeth Warren]

¹⁶ New England Commission of Higher Education, "Policy on Teach-Out Plans and Teach-Out Agreements," <https://www.neche.org/wp-content/uploads/2018/12/PP13a-Teach-Out-Plans-and-Agreements.pdf>.

Bay State College is owned by Ambow Education Group, “a Chinese holding company based in the Cayman Islands.”¹⁷ Since assuming responsibility over the institution in 2017, Ambow BSC Inc. has faced scrutiny by NECHE over its long-term financial viability following several years of sustained financial losses.¹⁸ On February 1, 2023, the Department requested that Bay State and any related institution under Ambow Education’s ownership provide financial protection to the Department.¹⁹ The institutions were required to provide a minimum of \$4,573,803 in financial protection, 50 percent of the amount that the institutions received under Title IV of the Higher Education Act of 1965 (HEA) during their most recently completed fiscal year.²⁰ On March 1, 2023, the Department announced it may require individuals at schools demonstrating financial risk to assume personal responsibility by signing a school’s Title IV program participation agreement (PPA).²¹ On April 6, 2023, Bay State College entered into a provisional PPA to comply with the Department’s financial responsibility regulations and required additional signatures from owner entities.²² Executives from Ambow, Bay State, and affiliated institutions must fully comply should that the Department pursues personal liability after determining that Bay State failed to meet financial responsibility requirements.

4. Other Concerns

Bay State has the responsibility to provide students with detailed information regarding their financial aid status and any potential refunds they may be entitled to as a result of accreditation loss and subsequent closure. Finally, we are troubled that Bay State College is still requiring a \$50 degree completion fee in order to graduate and request that all fees associated with degree completion be refunded to students.²³

Conclusion

Following the loss of accreditation, a student of Bay State expressed their concerns saying, “I want to make sure that my classmates all succeed... we all came in here with very high

¹⁷ WGBH News, “Following claims of fraud, Mass. attorney general gathers information about Bay State College,” Kirk Carapezza, October 26, 2022, <https://www.wgbh.org/news/education/2022/10/26/following-claims-of-fraud-mass-attorney-general-gathers-information-about-bay-state-college#:~:text=of%20fraud%2C%20Mass.-,attorney%20general%20gathers%20information%20about%20Bay%20State%20College,though%20he%20was%20learning%20remotely.>

¹⁸ Bay State College, “AMBOW BSC INC. AND SUBSIDIARY AUDITED CONSOLIDATED FINANCIAL STATEMENTS,” June 30, 2022, <https://www.baystate.edu/files/resources/ambow-bsc-inc-and-subsiary-financial-statement-r-2.pdf>.

¹⁹ Letter from the Department of Education to U.S. Senator Elizabeth Warren, May 10, 2023, [On File with the Office of Senator Elizabeth Warren].

²⁰ *Id.*

²¹ Department of Education, “Education Department Takes Steps to Hold Leaders of Risky Colleges Personally Liable,” press release, March 2, 2023, <https://www.ed.gov/news/press-releases/education-department-takes-steps-hold-leaders-risky-colleges-personally-liable>.

²² Letter from the Department of Education to U.S. Senator Elizabeth Warren, May 10, 2023, [On File with the Office of Senator Elizabeth Warren].

²³ Bay State College, “Commencement”, <https://www.baystate.edu/about-baystate/campus-life/commencement/#:~:text=The%2077th%20Commencement%20Ceremony%20honoring,ceremony%20will%20be%20livestreamed%20here.>

expectations for our careers — our futures.”²⁴ Students of Bay State College trusted the institution to provide a high-quality education, and now they are in vulnerable positions because of fraudulent behavior and mismanagement beyond their control. Bay State must take immediate action to ensure that current and former students' rights and interests are protected and communicated. We request that you provide a response detailing the actions you plan to take to address the concerns outlined and questions below no later than May 31, 2023.

1. Does Bay State College commit to communicating to current and former students about their Borrower Defense options?
 - a. If so, please detail your communication plan.
2. Does Bay State College commit to assuming responsibility for students who want to continue their education?
3. Do you, and other executives at Ambow, Bay State College, and affiliated institutions commit to assuming personal liability for the cost of unpaid debts owed to the Department of Education as outlined in its Provisional Program Participation Agreement if Department of Education deems necessary?
4. Does Bay State College commit to refunding graduation fees for students?
5. Does Bay State College commit to working with the Massachusetts Department of Higher Education to develop a comprehensive contingency closing plan²⁵ and periodically update students and families with information and resources?
6. Describe how Bay State College plans on supporting students who need access to documentation such as transcripts and course syllabi after the school closes on August 31, 2023.

Sincerely,



Elizabeth Warren
United States Senator



Ayanna Pressley
Member of Congress

²⁴ WGBH, “Bay State students stunned by college's demise,” Kirk Carapezza, January 20, 2023, <https://www.wgbh.org/news/education/2023/01/20/bay-state-students-stunned-by-colleges-demise>.

²⁵ Massachusetts Board of Higher Education, “Financial Assessment and Risk Monitoring of Institutions of Higher Education,” January 1, 2018, <https://www.mass.edu/bhe/documents/jud-lib-610cmr13.pdf>.